

# **Egg Harbor Township Schools**

*Board of Education*

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## **TESTIMONY TO THE NEW JERSEY SENATE AND ASSEMBLY BUDGET AND APPROPRIATIONS COMMITTEES**

**APRIL 2018**

**Presented by the Egg Harbor Township School District**

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**President, Egg Harbor Township Board of Education**

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## **Summary**

On behalf of Egg Harbor Township, we would like to bring to your attention our desperate situation with regard to state school funding, and to explain the unique circumstances that Egg Harbor Township has faced, and continues to face, with each passing year that our School District is not adequately funded by the State of New Jersey. We want to thank both Senator Steve Sweeney and Governor Phil Murphy for stepping up and leading the efforts to increase school funding, both in last year's budget, and in this year's proposed budget. However, last year's increase of approximately \$1.5 million, and this year's proposed increase of approximately \$2 million, still leave us at \$23.5 million below full, un-capped annual formula funding. These increases, while welcomed and appreciated, barely allow us to maintain what we have in our current budget, and our students and taxpayers are still being short changed.

The topics we would like to address are: 1) A decade of rapid student population growth, mandated by the State Pinelands Commission, without corresponding state school aid increases, and EDA Assessments; 2) The effects of Atlantic City casino closures and a regional recession; and 3) How our kids are not getting what they need.

## **Mandated Growth and Flat State Aid**

As a school district located in a Pinelands Regional Growth Area, the State of New Jersey has mandated the population growth of our township, which caused our school district to grow, but did not provide us with sufficient funds to educate the students that came to our district as a result of that mandate. At the same time, caps placed on budget and aid growth, coupled with years of flat state aid, simply did not allow us to keep pace with this growth. As a result, the continuing burden on the students and property tax payers of Egg Harbor Township is particularly onerous.

Between 2000 and 2007, our district grew by 2,008 students, for a 7-year growth rate of 34.7%. During that period, our rate of growth was the highest in the state. Our enrollment topped out at nearly 8,000 students, and is now approximately 7,500 – back in 2000, our enrollment was 5,791. During all this growth, our state aid increases were capped and did not keep up with this growth. Our budgets have never been able to catch up with this growth.

According to the Department of Labor, over the 5-year period from 2000 to 2004, Egg Harbor Township had 2,976 single-family housing starts – that’s the highest number of any municipality in the state. During that same period of time, our population grew by approximately 10,000, from 30,000 to 40,000. Residential growth has since slowed due to the economy, but we are still mandated to accommodate 22,000 additional residential units.

Under the current law that provides State Education Aid, the State Department of Education imposes a cap on the growth of state aid given to a district over the prior year’s state aid. This cap applies regardless of costs, or the actual growth in student population. Egg Harbor Township state aid remained frozen at \$40 million for nearly a decade, since 2008-2009 – when the School Funding Reform Act (SFRA) took effect, and we were denied another \$43 million under the prior law, (CEIFA) dating back to 2000-2001, due to caps and freezes. Our total amount of funding the state has short changed us is now well over \$300 million.

For the current year, 2017-2018, our district had \$25.5 million in aid withheld. Our formula aid is almost completely flat from last year – again coming in at just under \$41.5 million, while the formula calls for \$67 million. We were very grateful to have received a slight increase of approximately \$1.5 million in July of last year, as well as the proposed \$2 million for next year; however, our students and taxpayers are still being short changed by \$23.5 million under the proposed budget.

Note: In 2001, state aid was 60% of our budget – it has since fallen to 35%.

### **We Spend our Funds Wisely**

As demonstrated by the 2017 DOE Taxpayer’s Guide to Education Spending, our total per-pupil budgetary spending is among the lowest in the area, and the state. We currently spend \$14,835 per-pupil, which is the 38<sup>th</sup> lowest in the state among similar districts. The state average is \$15,714, and among local area districts; Greater Egg Harbor Regional spends \$16,820, Ocean City spends \$17,869, Mainland Regional spends \$18,034, Atlantic City spends \$18,288, and Pleasantville spends \$19,000. In addition, our budget is \$8 million below “Adequacy” – that’s the amount of money the state says we should spend given the number of students we have.

Some examples of things we do to keep spending low – we have two independent foundations searching out alternate funding sources, as well as aggressive solar and energy savings initiatives. Each year, we ask our staff to do more with less across the board, in terms of personnel, equipment and supplies. We charge our students to participate in activities (pay to play) and we charge all outside groups to use our facilities. Last year, we needed to eliminate 45 full and part-time positions just to get down to a cap budget.

### **EDA Assessments**

Again this year, the state charged us a \$543,000 EDA Assessment. This arbitrary assessment is unfair, was never part of our bargain with the state, and was never agreed to by the people of Egg Harbor Township when we chose to use the then Schools Construction Corporation (SCC) to build new schools. **To date, this assessment has cost us over \$ 3.3 million.**

2010-2011: \$400,347

2011-2012: \$319,537

2012-2013: \$472,583

2013-2014: \$543,131

2014-2015: \$543,131

2015-2016: \$543,131

2016-2017: \$543,131

2017-2018: \$543,131

**Total = \$3,365,011**

### **Effects of Atlantic City Casino Closures and Regional Recession**

Egg Harbor Township paid a price for the economic boom of the local economy in the early to mid-2000s. However, Egg Harbor Township is now bearing the brunt of a persistent regional recession. Recent casino closures have severely impacted Egg Harbor Township residents.

Egg Harbor Township suffers whether AC does well or does poorly. During boom times – the Pinelands Commission forces us to add residential housing without corresponding state aid. During bad times - people can't afford to pay their rising property taxes, and homes face foreclosure.

## **Effects on Education in Egg Harbor Township**

With the increase in population described above, the Board and administration did its best to keep costs to a minimum and put resources to the classroom. But as a direct result of inadequate state aid, coupled with the EDA assessment, we have had to make cuts in middle school athletic and co-curricular programs, middle and high school summer school, bus runs, environmental programs, elementary and middle school gifted and talented, middle school afterschool remediation, grades 1-5 direct foreign language programming and instrumental music, middle school honors math and science, middle school math and reading specialists, and a number of high school clubs. Class sizes continue to grow, and we have been unable to address adding badly needed full-day kindergarten, universal pre-school, and 1:1 technology for our students.

The Egg Harbor Township School District has also gone from 27% free and reduced lunch to approximately 47% in the last 10 years due to the diminishing economy and demographic changes. Each year the district has had to reduce staffing in general education settings to meet the growing special education population and at-risk needs of our students.

## **What We Need Right Now: Fully Fund the Formula – No Caps**

With the imposition of a 2 % property tax cap, our only hope to be able to educate our children is through **ADEQUATE STATE AID**. Funding must be on a per pupil basis, based on actual student counts, and without any artificial aid growth caps. Using the formula capped aid amount – we are only short \$ 6.5 million, however, as we believe we have demonstrated, the actual number is \$23.5 million without these arbitrary caps. This is the number that will allow us to reach adequacy spending for our students, and provide tax relief to our residents.